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BEFORE THE ARIZONA CORPORATION COMMISSION**COMMISSIONERS**

Arizona Corporation Commission

DOCKETED

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

APR 22 2020

DOCKETED BY

In the matter of:

Marvin Robby Richards, an Arizona resident,

Respondent.

DOCKET NO. S-21084A-19-0256

DECISION NO. 77595

**ORDER TO CEASE AND DESIST,
ORDER FOR ADMINISTRATIVE
PENALTIES AND CONSENT TO SAME
BY: RESPONDENT MARVIN ROBBY
RICHARDS**

Respondent Marvin Robby Richards elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same ("Order"). Respondent admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other proceeding in which the Commission is a party the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.**FINDINGS OF FACT**

1. At all times relevant, Marvin Robby Richards ("Richards" or "Respondent") was a resident of Arizona and was not registered with the Commission as a securities salesman or dealer.
2. At all times relevant, Richards was the sole member and manager of Richards Development LLC, a manager-managed limited liability company used by Richards to purchase and develop real estate.

1 3. From August 2019 to October 2019, Richards used the website Craigslist.com to
2 advertise investment opportunities in real estate development projects that would purportedly earn
3 investors 20% returns.

4 4. In August 2019, Richards was contacted by an undercover investigator from the
5 Commission (“UIC”) who identified herself as an interested investor and requested more
6 information about the advertised investment opportunity.

7 5. Richards emailed a response to UIC in which he described himself as a “real estate
8 developer/builder/contractor” and directed UIC to his website www.richardsdevelopment.com, a
9 website used by Richards to promote his real estate projects.

10 6. The website contained a list of “current projects” comprised of three properties in
11 Buckeye, Arizona, including photographs, descriptions, dimensions, and the cost of each property.
12 The website did not clearly disclose that the pictures and property described therein were illustrative
13 and did not depict or describe completed development projects.

14 7. During meetings with UIC in August and September of 2019 and through extensive
15 email communications, Richards offered UIC the opportunity to invest in one or more of his real
16 estate development projects and detailed a variety of potential investment proposals.

17 8. Richards initially provided UIC with a boilerplate, interest-only, note payable to
18 invest in Richards Development LLC. As an alternative to the note payable, Richards explained that
19 he could create a limited liability company for purposes of investing UIC’s money.

20 9. The stated purpose of the proposed investment was constructing or flipping houses
21 and Richards proposed to use UIC’s investment money to fund the construction, purchase and
22 restoration of the properties.

23 10. After meeting with UIC, Richards formed RichCousins LLC, a manager-managed
24 Arizona limited liability company that could be used as a real estate investment vehicle. Richards
25 would act as the managing member of RichCousins LLC and would be responsible for the
26

1 development and sale of the investment properties. Richards would then pay UIC a 50% share of the
2 profits.

3 11. When communicating with UIC, Richards characterized investment in his real estate
4 projects as essentially risk free, stating “if you buy it correctly, real estate investment is risk free,”
5 but also cautioned UIC “If you are going to get serious about investing in real estate, it never hurts
6 to talk with a CPA and/or attorney and get set up right from the start.”

7 12. When speaking to UIC, Richards represented that he had access to two manufactured
8 homes that he could quickly install on investment properties. Richards did not disclose a \$223,978
9 debt owed to the home seller before RichCousins LLC could take possession of the manufactured
10 homes.

11 13. Throughout their interactions, UIC told Richards that she wanted to act as a passive
12 investor. UIC also informed Richards that, based on the opinion of her accountant, she did not
13 qualify as an accredited or sophisticated investor for the purpose of investing in real estate
14 development.

15 II.

16 CONCLUSIONS OF LAW

17 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
18 Arizona Constitution and the Securities Act.

19 2. Respondent Richards offered to sell securities within Arizona, within the meaning of
20 A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).

21 3. Respondent Richards violated A.R.S. § 44-1841 by offering to sell securities that were
22 neither registered nor exempt from registration.

23 4. Respondent Richards violated A.R.S. § 44-1842 by offering securities while neither
24 registered as a dealer or salesman nor exempt from registration.

25 5. Respondent Richards violated A.R.S. § 44-1991 by omitting material facts necessary
26 in order to make statements made not misleading in connection with the offer to sell securities.

6. Respondent Richards's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondent Richards's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondent comply with the attached Consent to Entry of Order.

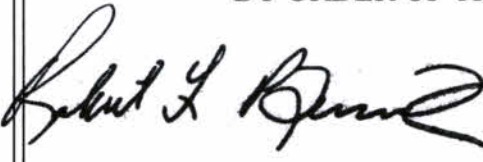
IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent, as his sole and separate obligation, shall pay an administrative penalty to the Commission in the principal amount of \$4,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any principal amount outstanding after the date of this Order shall accrue interest as allowed by law.

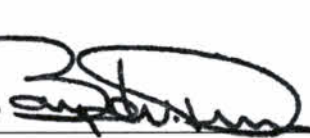
For purposes of this Order, a bankruptcy filing by Respondent shall be an act of default. If Respondent does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.


IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the Commission may bring further legal proceedings against Respondent, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRMAN BURNS


COMMISSIONER DUNN


COMMISSIONER KENNEDY


COMMISSIONER OLSON


COMMISSIONER MÁRQUEZ PETERSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this 22 day of Apr. 1, 2020.


MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator,
voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

(MWA)

CONSENT TO ENTRY OF ORDER

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3 1. Respondent admits the jurisdiction of the Commission over the subject matter of this
4 proceeding. Respondent acknowledges that he has been fully advised of his right to a hearing to
5 present evidence and call witnesses and he knowingly and voluntarily waives any and all rights to a
6 hearing before the Commission and all other rights otherwise available under Article 11 of the
7 Securities Act and Title 14 of the Arizona Administrative Code. Respondent acknowledges that this
8 Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same ("Order")
9 constitutes a valid final order of the Commission.

10 2. Respondent knowingly and voluntarily waives any right under Article 12 of the
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting
12 from the entry of this Order.

13 3. Respondent acknowledges and agrees that this Order is entered into freely and
14 voluntarily and that no promise was made or coercion used to induce such entry.

15 4. Respondent has been represented by an attorney in this matter, Respondent has
16 reviewed this Order with his attorney, Olen Lenets of Rose Law Group PC, and understands all terms
17 that it contains.

18 5. Respondent admits only for purposes of this proceeding and any other proceeding in
19 which the Commission is a party the Findings of Fact and Conclusions of Law contained in this
20 Order. Respondent agrees that he shall not contest the validity of the Findings of Fact and
21 Conclusions of Law contained in this Order in any present or future proceeding in which the
22 Commission is a party.

23 6. Respondent further agrees that he shall not deny or contest the Findings of Fact and
24 Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or
25 (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)").
26 Respondent further agrees that in any such proceedings, the Findings of Fact and Conclusions of Law

1 contained in this Order may be taken as true and correct and that this Order shall collaterally estop
2 him from re-litigating with the Commission or any other state agency, in any forum, the accuracy of
3 the Findings of Fact and Conclusions of Law contained in this Order. In the event Respondent
4 pursues bankruptcy protection in the future, he agrees that in such bankruptcy proceeding, pursuant
5 to 11 U.S.C. § 523(a)(19), the following circumstances exist:

6 A. The obligations incurred as a result of this Order are a result of the conduct
7 set forth in the Findings of Fact and Conclusions of Law in the Order and are for the violation
8 of Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i); and

9 B. This Order constitutes a judgment, order, consent order, or decree entered in
10 a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered
11 into by Respondent pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages,
12 fine, penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other
13 payment owed by Respondent pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

14 7. By consenting to the entry of this Order, Respondent agrees not to take any action or
15 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
16 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
17 basis.

18 8. While this Order settles this administrative matter between Respondent and the
19 Commission, Respondent understands that this Order does not preclude the Commission from
20 instituting other administrative or civil proceedings based on violations not addressed by this Order.

21 9. Respondent understands that this Order does not preclude the Commission from
22 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
23 that may be related to the matters addressed by this Order.

24 10. Respondent understands that this Order does not preclude any other agency or officer
25 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
26 proceedings that may be related to matters addressed by this Order.

1 11. Respondent agrees that he will not apply to the state of Arizona for registration as a
2 securities dealer or salesman or for licensure as an investment adviser or investment adviser
3 representative until such time as all penalties under this Order are paid in full.

4 12. Respondent agrees that he will not exercise any control over any entity that offers or
5 sells securities or provides investment advisory services within or from Arizona until such time as
6 all penalties under this Order are paid in full.

7 13. Respondent consents to the entry of this Order and agrees to be fully bound by its
8 terms and conditions.

9 14. Respondent acknowledges and understands that if he fails to comply with the
10 provisions of the Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same
11 the Commission may bring further legal proceedings against Respondent, including application to
12 the superior court for an order of contempt.

13 15. Respondent understands that default shall render Respondent liable to the
14 Commission for its costs of collection, including reasonable attorneys' fees and interest at the
15 maximum legal rate.

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16. Respondent agrees and understands that if he fails to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondent agrees and understands that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.



Marvin Robby Richards
Marvin Robby Richards, Respondent
Marvin Robby Richards

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 19 day of March, 2020.

[Signature]
NOTARY PUBLIC

My commission expires:

05/13/2023



SERVICE LIST FOR: In re: MARVIN ROBBY RICHARDS, DOCKET NO. S-21084A-19-0256

Olen Lenets
Rose Law Group, P.C.
7144 E Stetson Drive, Suite 300
Scottsdale AZ 85251

Attorney for Respondent Marvin Richards

